

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07  
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15  
USIA-06 IO-13 AID-05 COME-00 EB-08 FRB-03 TRSE-00  
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 AGRE-00 /101 W  
-----010039 140113Z /64

R 131147Z JAN 78  
FM AMEMBASSY GEORGETON  
TO SECSTATE WASHDC 6022  
INFO AMEMBASSY BRIDGETOWN  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY KINGSTON

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E.O. 11652: N/A  
TAGS: ECIN, ETRD, CARICOM, GY  
SUBJECT: CARICOM DEVELOPMENTS - REVITALIZATION?

REF: (A) GEORGETOWN 0047, (B) 77 GEORGETOWN 2723

SUMMARY: GUYANA'S POLITICAL LEADERSHIP APPEARS TO HAVE  
OPENED THE NEW YEAR WITH A RESOLUTION TO EXERT POSITIVE  
LEADERSHIP TOWARD REGIONAL COOPERATION. PRIME MINISTER BURNHAM'S  
STATESMANLIKE GESTURE OF CONCILIATION, OBVIOUSLY DIRECTED  
TOWARD TRINIDAD, IN HIS JANUARY 1 STATEMENT ON CARICOM, AND HIS  
ENDORSEMENT OF AN EARLY SUMMIT MEETING HAVE PRECIPITATED A SPATE  
OF PRESS REPORTS ON THE NEED TO TAKE DECISIVE MEASURES TO  
REVITALIZE CARICOM. CARICOM'S ACTING GENERAL SECRETARY,  
JOSEPH TYNDALL, IN AN YEAR-END PRESS CONFERENCE, POINTED  
TO PROGRESS MADE IN "FUNCTIONAL" AREAS OF COOPERATION,  
BUT SINGLED OUT ECONOMIC AND TRADE RESTRAINTS AS THE  
MAIN STUMBLING BLOCKS TO INTEGRATION DURING 1977.  
REPORTEDLY ONLY TWO OF TWELVE MEMBERS HAVE RATIFIED  
THE NEW RULES OF ORIGIN SYSTEM WHICH WAS SCHEDULED FOR  
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IMPLEMENTATION JANUARY 1, 1978. THIS ISSUE WILL BE AMONG  
THOSE RECEIVING ATTENTION WHEN THE COUNCIL OF MINISTERS IS  
CONVOKED IN GEORGETOWN IN FEBRUARY. INTENSE BEHIND THE  
SCENES ACTIVITY IS REPORTEDLY UNDERWAY TO HOLD THE  
PROPOSED SUMMIT MEETING WITHIN THE NEXT THREE MONTHS.  
END SUMMARY.

1. THE MODERATE TONE OF PRIME MINISTER BURNHAM'S JANUARY 1 STATEMENT ON CARICOM AND REGIONAL COOPERATION (REF A) STANDS IN MARKED CONTRAST TO ACERBIC STATEMENTS EMANATING FROM GUYANESE AND OTHER CARIBBEAN LEADERS ON THE SUBJECT DURING THE PAST YEAR. BURNHAM'S CONCILIATORY WORDS APPEARED TO BE DIRECTED AT ERIC WILLIAMS ESPECIALLY AND WERE ALL THE MORE SURPRISING IN THE LIGHT OF REPORTED ACTION BY THE GOTT IN CANCELLING AN ORDER FOR 90,000 LBS OF GUYANESE PORK SHORTLY BEFORE CHRISTMAS.

2. BURNHAM'S STATEMENT HAS TRIGGERED A SPATE OF PRESS REPORTS ON AARICOM'S WOES AND THE NEED TO TAKE MEASURES TO REVITALIZE THE ORGANIZATION. WRITING IN THE GOVERNMENT CONTROLLED "GUYANA CHRONICLE," COLUMNIST MOHAMED HAMALUDIN ARGUED THAT THE COUNCIL OF MINISTERS HAS SHOWN INCREASING DIFFICULTY IN PROVIDING SOLUTIONS TO RESTORE CONFIDENCE IN THE INTEGRATION MOVEMENT, CITING THE FAILURE OF MEMBER STATES TO RATIFY THE NEW ORIGIN RULES DUE TO TAKE EFFECT JANUARY 1, 1978, SEE REFTTEL B. HE POINTED OUT THAT, ALTHOUGH FUNCTIONAL COOPERATION CONTINUES TO MOVE FORWARD, THE PROBLEMS NOW CONFRONTING CARICOM ARE TRADE AND ECONOMIC ISSUES BOUND UP IN THE RELATIVE DEVELOPMENT OF MEMBER STATES AND THE HISTORIC IMBALANCES BETWEEN SMALLER AND LARGER STATES, THE SO-CALLED LDC'S AND MDC'S. THE WORLD-WIDE ECONOMIC CRISIS HAS SERVED TO INTENSIFY FRAGMENTATION AS MEMBER STATES TOOK MEASURES TO PROTECT THEIR BALANCE OF PAYMENTS POSITIONS LIMITED OFFICIAL USE

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IN THE FACE OF PRICE INCREASES IN PETROLEUM AND MANUFACTURED GOODS LARGELY IMPORTED FROM OUTSIDE THE REGION. (AGAIN, TRINIDAD STANDS AS AN EXCEPTION ALTHOUGH IT HAS IMPLEMENTED RETALIATORY MEASURES) PIDEOLOGICAL SCHISMS ARE YET ANOTHER FACTOR WHICH HAS UNDERMINED COOPERATION. HENCE, ACCORDING TO HAMALUDIN, NOTHING LESS THAN A HEADS OF STATES CONFERENCE IS NEEDED TO OVERCOME THE IMPASSE ON ECONOMIC ISSUES AND TO PUT THE ORGANIZATION ON A BUSINESS-LIKE FOOTING TO FOSTER TRADE AND ECONOMIC INTEGRATION.

3. THE OPPOSITION CONTROLLED "MIRROR", WHILE NOT ENDORSING A SUMMIT, HAS POINTED TO WIDE SPREAD "CHEATING" BY FIRMS IN OTHER MEMBER STATES TO GAIN DUTY FREE ENTRY AS CARICOM PRODUCTS. IT CHARGED THAT CARICOM IS BEING USED BY "MULTINATIONALS" TO PENETRATE REGIONAL MARKETS THROUGH THE SIMPLE EXPEDIENT OF RE-PACKAGING AND RE-LABELING. THIS, OF COURSE, IS A SITUATION WHICH THE NEW ORIGIN RULES ARE DESIGNED TO CORRECT, AT LEAST PARTIALLY, BY IMPOSING A BTN "JUMP" REQUIREMENT AND/OR PROCESSING CRITERIA BEFORE IMPORTED RAW MATERIALS SUBSEQUENTLY TRANSFORMED IN MEMBER STATES CAN QUALIFY FOR CARICOM DUTY-FREE TREATMENT. UNDER THE EXISTING RULES, PROJITS MY BE INFLATED AND THEN COUNTED TO SATISFYING VALUE

ADDED REQUIREMENTS. THE BASIC MATERIALS LIST ALSO PROVIDES  
NUMEROUS LOOP HOLES FOR OBTAINING DUTY FREE ENTRY.

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4. CONVERSATIONS WITH FOREIGN MINISTRY OFFICIALS WOULD  
INDICATE THEY BELIEVE THAT THE PROPOSED CARICOM SUMMIT IS  
AN IDEA WHOSE TIME HAS COME. THEY POINT OUT THAT A SUMMIT  
HAS NOT TAKEN PLACE SINCE DECEMBER 1975 AND THAT AS A RESULT  
THE MOVEMENT HAS LOST MOMENTUM. THE COUNCIL OF MINISTERS,  
WHILE ABLE TO ATTEND TO TECHNICAL DETAILS AND IMPLEMENTATION,  
IS UNABLE TO MAKE THE NECESSARY POLITICAL DECISIONS TO  
COME TO GRIPS WITH TWO FUNDAMENTAL ISSUES: 1) THE BALANCE  
OF PAYMENTS FACILITY OR SAFETY NET, AND 2) REGIONAL  
PROGRAMMING FOR SECTORAL DEVELOPMENT. WHILE NOT OF EXCLUSIVE  
IMPORTANCE, THESE ISSUES WILL LOOM LARGE IN ANY AGENDA.  
CERTAINLY, IT WILL BE NECESSARY TO HAMMER OUT GUIDELINES  
UNDER WHICH MEMBER STATES MAY INVOKE QUANTATIVE RESTRICTIONS  
IF SOME MEASURE OF MARKET STABILITY FOR INFANT INDUSTRIES IS  
TO BE ACHIEVED.

5. THE LATEST PUBLIC STATEMENTS OF THE SECRETARIAT SEEM  
CONSISTENT WITH THE VIEW THAT THE ORGANIZATION MUST ACHIEVE  
PROGRESS ON THE TRADE AND ECONOMIC FRONT. SPEAKING AT A PRESS  
CONFERENCE DECEMBER 30, ACTING SECRETARY GENERAL JOSEPH  
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TYNDALL WAS ABLE TO CITE PROGRESS IN THE AREA OF "FUNCTIONAL" COOPERATION: LEGAL HARMONIZATION, INSURANCE, HEALTH, PLANNING A REGIONAL VOLUNTEER CORPS SCHEME, PROSPECTIVE IMPLEMENTATION OF A REGIONAL FOOD PLAN, TO NAME A FEW. AT THE SAME TIME HE ACKNOWLEDGED DIFFICULTIES IN THE FIELD OF TRADE, STEMMING FROM THE PROTECTIONIST TRENDS EVIDENT IN SOME MEMBER STATES. HE TOOK COMFORT IN THE FACT THAT INTRAREGIONAL TRADE HAD PROGRESSED TO SUCH A POINT THAT ACTION BY ONE COUNTRY WAS SURE TO HAVE SERIOUS REPRECUSIONS ON OTHERS. HIS PRESCRIPTION FOR SOLVING CARICOM TRADE PROBLEMS: "IT MUST BE THE POLICY OF THE REGION TO MAXIMIZE INTRA-REGIONAL TRADE TO THE EXTENT THAT THE BALANCE OF PAYMENTS WILL ALLOW" AND TO "MINIMIZE ANY ADVERSE EFFECT ON OUR PARTNER COUNTRIES."

6. MEANWHILE, THE CARICOM SECRETARIAT HAS ANNOUNCED THAT THE FIRST COUNCIL OF MINISTERS MEETING IN 1978 IS EXPECTED TO TAKE PLACE "SOMETIME" IN FEBRUARY, ALTHOUGH A FIRM DATE STILL MUST BE CONFIRMED BY THE TWELVE MEMBER STATES. NO AGENDA HAS BEEN RELEASED TO THE PRESS. HOWEVER, IT IS EXPECTED THAT IMPLEMENTATION OF THE NEW CARICOM ORIGIN RULES, APPROVED IN THE LAS COUNCIL MEETING IN SEPTEMBER 1977, AND DUE TO COME INTO EFFECT JANUARY 1, 1978, WILL RECEIVE SPECIAL ATTENTION. REPORTEDLY, ONLY TWO OF THE TWELVE MEMBER STATES, BARBADOS AND JAMAICA, HAVE RATIFIED THE NEW SYSTEM SO FAR. ACCORDING TO LOCAL BUSINESS SOURCES, ONE OBSTACLE FOR RATIFICATION IS THE CONTINUING CONCERN OF THE LDC MEMBERS TO PROTECT THEIR SMALL REPROCESSING INDUSTRIES, ALTHOUGH THE NEW RULES HAVE CARVED OUT SPECIAL EXCEPTIONS FOR THIS GROUP OF INDUSTRIES IN THE SMALLER ISLANDS.

7. PRESS ATTENTION CONTINUES TO FOCUS ON A SUMMIT LIMITED OFFICIAL USE

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MEETING. REPORTEDLY, SEVERAL MEMBER STATES HAVE MADE CALLS FOR A SUMMIT IN THE WAKE OF BURNHAM'S CARICOM POLICY STATEMENT. GOG OFFICIALS STATE THAT CONSULTATIONS ARE TAKING PLACE TO HAVE SUCH MEETING IN THE NEAR FUTURE, POSSIBLE BEFORE APRIL 1978.

8. COMMENT: BURNHAM'S STATEMENT IS REGARDED BY GOG OFFICIALS WITH WHOM WE HAVE TALKED AS THE MOST COMPREHENSIVE AND SUPPORTIVE STATEMENT ON CARICOM THAT HAS BEEN MADE BY A REGIONAL LEADER IN SOME TIME. THEY ARE HOPEFUL THAT OTHER LEADERS, PARTICULARLY PRIME MINISTER ERIC WILLIAMS, WILL BE RESPONSIVE AND JOIN BURNHAM IN PUTTING OLD ANIMOSITIES

AND PROBLEMS ASIDE IN ORDER TO ADVANCE REGIONAL COOPERATION.  
BURKE

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## Message Attributes

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